

As a consumer, my personal experience shows that there's inadequate competition in the wireless market. I feel like the most effective tool for getting the service I want is my ability to switch carriers, and I think wireless local number portability (WNP) will facilitate that.

Is the CMRS market competitive? Part 1, Contracts.

In a truly competitive market, basic microeconomics says that a carrier's price structure should approximate its cost structure. Which means a carrier should not require a term commitment unless they have a per-customer up-front cost such as a handset buy-down. In my experience, almost all carriers insist on contracts even when there isn't a buy-down, demonstrating that the market is not competitive.

Here are some examples: AT&T sales representatives in suburban Maryland, presumably one of the most competitive markets in the country, have refused to offer month-to-month terms, even when I've offered to pay the full cost of a handset up front. SprintPCS insisted on a twelve month commitment (or a supplemental charge) when I switched rate plans even though no new handset was purchased. Verizon in both Pittsburgh and Maryland refused to consider a month-to-month contract even though I already own a handset that is compatible with their network.

The ability of carriers to require contract terms that don't approximate their own cost structures implies that the market isn't adequately competitive. If the market were competitive, more carriers would emerge with non-term contracts.

Competition Part 2, Coverage

In Sprint's 11 January 2002 presentation to the commission, it claims that 75% of POPs have a choice of 5 or more carriers. That's a dangerous and misleading statistic. I have an office in Glenwood, Maryland, a small town just north of DC and within the Baltimore-Washington-Frederick triangle formed by I-95, I-70, and I-270. At the office, only AMPS coverage is reliable. Sprint and Verizon have very, very spotty digital coverage (my Sprint phone will sometimes ring, but no clear signal is received) and my coworkers report that no other carriers have acceptable coverage here.

So on a very down-to-earth level, I find my choice of carriers restrained. In earlier comments, a carrier claimed that customers don't want number portability -- they want coverage. If that's the case, then carriers should be running to the plate to provide it. Instead, so few are providing good coverage that the adequate ones can be dismissive of other customer complaints.

The carriers that are rumored to have better service know that our choices are limited, so they're dismissive of other complaints. An AT&T sales representative, when I complained that their pricing was out of line with their competitor's replied: "well, does it work for you?". In earlier comments, I pointed out a Verizon salesman's reply to concerns about their contract terms: "well, you've gotta have a

cell phone". These carriers know they have a franchise, and that they don't need to be responsive.

Another example is Cingular: they claim to have good coverage, but their contract terms don't allow for meaningful testing of that claim. Specifically I'd have to spend ~\$70 dollars to test their network for 30 minutes of airtime, else be locked into a twelve month contract. (Based on a 30 minute usage limit and no refund of up-front activation fees or first month recurring fees.) If Cingular were trying to compete on coverage, it would find some better way to demonstrate that it has superior coverage.

If the market were competitive and, as the earlier comments claimed, customers care mostly about coverage, then we should be seeing more evidence of carriers competing to provide good coverage. Instead, we see the dismissive replies of businesses that know their customers have very few, if any, viable alternatives.

Will WNP foster competition?

The fact that Leap Communications, MCI, and other small CMRS entrants are advocating for WNP suggests that the answer is "yes" -- WNP will foster competition. That they're willing to put their money where their mouths are and absorb the cost of WNP really strengthens their case.

In my case, WNP will allow me to switch carriers more easily. As much as I find that I need to switch carriers, the thought of losing my number, particularly on nearly no notice, does cause me to hesitate. In previous comments, noting that my switching costs absent WNP will include simultaneous maintenance of two numbers, I argued that WNP will lower switching costs for customers and that CUSTOMERS' SAVINGS WILL BE FAR GREATER THAN THE CMRS CARRIERS' WORST CASE COST ESTIMATES for implementing WNP.

Sprint argues that consumers want it to invest in towers, not WNP. Investing in WNP will help the new entrants who, by the presence, are helping improve the wireless market. The fact that Leap's Cricket subsidiary is selling no-term-contract plans is a very positive sign of what competition can bring to the market. If their growth is hampered by customers being locked into the big carriers, customers will ultimately suffer. For this reason, I urge the commission not to delay the implementation of WNP.

If, indeed, the FCC wants to encourage the big carriers, with their big customer bases, to continue building out at the expense of the new entrants who are offering more customer-friendly terms, then the FCC should admit that competition is failing and consider the impact of having fewer carriers in the market. If the FCC is going to penalize those new entrants, then it's time to consider imposing stricter regulation on the incumbent carriers.